

## Rural Hospital Flexibility/Critical Access Hospital Program

### Program Objective:

- 1) *to assist rural hospitals to become designated as "critical access hospitals."* Hospitals designated as Critical Access Hospitals (CAHs) are eligible for cost-based Medicare reimbursement for inpatient and outpatient services, i.e. they are exempt from the Prospective Payment System.
- 2) *foster network development.* Section 485.603, CFR defines rural health networks as including one CAH, and one hospital that furnishes acute care services; and requires that network members enter into agreements regarding patient referral and transfer, development and use of communications systems (including telehealth), emergency and non-emergency transportation among members, credentialing and quality assurance. These are minimum requirements. The Rural Hospital Flexibility Program (FLEX) will encourage the development of more inclusive networks, with broad community membership.
- 3) *improve and integrate EMS services.* The FLEX Program will help with the establishment or expansion of programs to improve and integrate emergency medical services (EMS) in Utah's rural communities.
- 4) *improve quality of care.* CAHs are required to have agreements for credentialing or quality assurance with at least one hospital that is a member of the network to which the CAH belongs, one peer review organization or equivalent entity, or another qualified entity identified by the State. The FLEX Program will participate in activities related to the implementation of these provisions.
- 5) *update State Rural Health Plan.* Utah's Rural Hospital Flexibility Plan has been approved by the Health Care Financing Administration. Results of this Plan will be incorporated into the State's Rural Health Plan.

### Short Description and Background:

The Bureau of Primary Care, Rural, and Ethnic Health is directing the activities of the FLEX Program. The FLEX Program is authorized by Section 4201 of the Balanced Budget Act of 1997 (Public Law 105-33) and its amendments, the Balanced Budget Refinement Act of 1999, and the Benefits Improvement and Protection Act of 2000. The Bureau has received two grants, one in FY2000, and another in FY 2001 to carry out the activities of the Program

### Program Accomplishments:

- completion of seven financial feasibility studies and community needs assessments in the first grant period, and up to three studies in the current grant period
- mini-grant given to one hospital for FLEX/CAH development activities
- new State rule that sets the standards for the operation of a CAH, and new rule exempting CAHs from the moratorium on the Medicaid certification of new nursing facilities
- completion of: EMS Medical Director courses in St. George (12/00) and Ogden (5/00), TEAM instructor course, leadership seminar for EMS agency providers on State and federal requirements
- HealthInsight's partnering with Utah's rural hospitals to improve specific health outcomes and development of a pilot web-based program to support infection control and appropriate antibiotic use, and a project to improve patient safety
- approval of FLEX Rural Health Plan by the Health Care Financing Administration.

### Fiscal Implications:

The FLEX/CAH Program is funded entirely by a Federal grant. Ongoing funding is needed to assist rural hospitals with CAH conversion, to enhance EMS services in rural areas, to assist with network development and as needed with quality improvement activities.



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